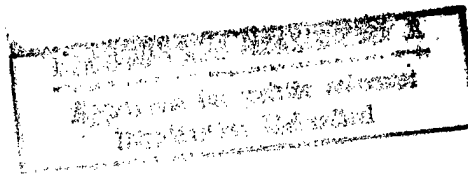


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26 August 1982



# China Report

ECONOMIC AFFAIRS

No. 260

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26 August 1982

# CHINA REPORT

## ECONOMIC AFFAIRS

No. 260

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## NATIONAL POLICY AND ISSUES

### 'JINGJI YANJIU' DISCUSSES PLANNED ECONOMY

HK160959 Beijing JINGJI YANJIU in Chinese No 7, 20 Jul 82 pp 14-20

[Article by Xiang Qiyuan [7309 0796 3293], Zhang Zhuoyuan [1728 0587 0337] and Tian Jianghai [3944 3068 3189] of the Economic Research Institute of the Chinese Academy of Sciences: "Adherence to Planned Economy Is the Basic Guarantee for Raising Economic Effects"]

[Text]

I

Seeking economic effect is a very important question that has been put forth in the practice of the readjustment of the national economy and reform of the economic management system. In his government work report to the Fourth Plenary Session of the Fifth National People's Congress, Comrade Zhao Zhiyang said: "It is a vital question to spare no efforts to improve the economic effects of production, construction, circulation and other aspects." He said: "In future, in considering all economic questions we must proceed from the basic point of improving economic effects so that our national economy will be able to constantly develop still better." ("The Present Economic Situation and the Principles for Economic Construction in Future," People's Publishing House, pp 14, 16.) In the national work conference on industry and communications, Premier Zhao made a further explanation when he said: "In seeking economic effects, we must first of all clearly understand the important viewpoint of producing more products that are in line with social demand with the minimum possible living labor consumption and material consumption." ("Some Questions on the Present Economic Work," RENMIN RIBAO, 30 March, 1982.) These concepts are of important guiding significance to the present readjustment, reform and the construction of socialist modernization.

Improving economic effects involves many aspects and it is fairly difficult work. According to our view, adherence to the socialist planned economy is the basic guarantee for improving economic effects. Marxism tells us that the planned and proportionate development of the national economy is an objective law of the socialist economy and the construction of the socialist economy can develop smoothly only when it follows this law. Since the founding of new China, we have made brilliant achievements that are known to the world in our economic construction and these achievements are

inseparable from the persistence in the planned economy. But we must also understand that the results of our economic construction are not ideal and compared with the labor that has been exerted by the people, the consumption of natural resources and the superiority of the socialist system that should be displayed, these results are lagging behind. Some comrades put the blame on the system of the planned economy for this contradiction that has occurred in the development of our country's economy. They hold that although there are advantages in carrying out a planned economy, this type of economy inevitably results in low work efficiency and bad economic effects. We disagree with the viewpoint that puts the planned economy in a contradictory position with economic effects. The key point for differentiating between right and wrong in this respect is to differentiate a planned economic system from planned work. A planned economy represents a system with the nature of socialist public ownership of the means of production and it is a result of the roles of the law of the planned development of the national economy and a series of other economic laws. Therefore to carry out planned economy is an objective demand of the movements of the socialist economy. A complete planned management work that includes the working out, implementation and checking and amendment of planning belongs to the superstructure and all these aspects represent the objective manifestation of subjective matters. Stalin said: "We can in no way mix our annual planning and the 5-year plan with the objective economic law of the planned and proportionate development of the national economy." "The law of the planned development of the national economy makes it possible for our planning departments to plan social production correctly. They are two different things. In order to turn possibility into reality, it is imperative to study this economic law, grasp it and learn to use it skillfully and to work out the planning that is in a position to completely reflect this law." (Stalin: "Problems of the Soviet Socialist Economy," People's Publishing House, 1961, pp 5, 6) Because of the restriction of objective conditions and various subjective reasons, the planning of our national economy did not accord with the demand of the economic law on many occasions over the past 3 decades and more since the founding of new China. Consequently, with many mistakes, we have caused serious waste and decreases in economic effects. As a result, we have failed to display well the advantages of the socialist planned economy. Therefore, bad economic effects are not necessarily the natural results of the planned economic system, on the contrary, they have been caused by our failures in meeting well the need of the planned economy. We must differentiate between the basic socialist economic system and objective economic work. On the one hand, we can in no way doubt the necessity and advantages of the socialist planned economy just because of the shortcomings and mistakes in our work, and on the other hand, we cannot ignore the various problems that have existed in our planning work; nor can we ignore the supervisory role of the masses or be reluctant to take possible measures to make improvements.

## II

Why do we say that persistence in the planned economy and improving economic effects are not only in harmony with each other but also that the former is a basic guarantee for the latter? Let us first of all analyze this situation from the macroeconomic angle.

We must understand that it is the nature of the socialist planned economy to guarantee and achieve macroeconomic effects. Marx predicted that in future, under the socialist system, the "socialized people and the united producers will rationally readjust their material change with that of nature, put such a change under their common control and not let it become a blind force for controlling themselves; such material change must be realized with the lowest consumption of power and under the conditions of the nature of mankind so there is no remorse and it is suitable to them." (Marx: "Das Kapital," People's Publishing House, 1975, vol 3, pp 926-927) Socialist united producers are in a position to rationally readjust the material change between themselves and nature and this readjustment includes: 1) consciously controlling this material change and proportionately distributing social labor among production departments in a planned way so as to guarantee a proportionate development of social production. 2) fully and rationally make use of the resources of manpower, land resources and other economic resources so that we will be able to achieve maximum material wealth to meet people's needs with the minimum possible consumption. It is because of this reason that compared with anarchic production in capitalist society, the socialist planned economy is much more advantageous. The socialist planned economy is in a position to overcome the blindness of capitalist production and its cyclical economic crises, avoid serious waste in social labor that is caused by such blindness and crises, and to guarantee that the socialist economy will be able to develop constantly and that macroeconomic effects will be constantly improved.

In order to correctly display the advantages of the planned economy, develop the national economy proportionately and in a planned way and guarantee macroeconomic effects, we must be able to do the following:

First, the state's macroeconomic policy must be correct.

The socialist economy develops under the leadership and management of the social center (at the present stage, that is the socialist state). Whether the guiding ideology in economic construction is correct, and whether policies accord with reality and objective law, have a very big influence on the question of whether the socialist economy can develop healthily. Therefore a premise for correct macroscopic policies is to select well the strategy for the development of the national economy. If we do not have a long-range strategic view, do not carry out enough strict study and research and if we one-sidedly define the goal of the measures for developing the national economy, there will be no guarantee that our national economy will grow constantly and stably. In selecting the strategy for economic development, we must proceed from the basic national conditions, correctly define the orientation, goal and mode of development of the national economy, define the goal of economic development and the relationships of the major proportions and properly work out investment policy, energy policy, technical policy, labor policy and the policy for economic relations with foreign countries. It is imperative for us in future, on the basis of summing up historical experience, to avoid making serious mistakes in developing the strategy for economic development and this situation is vital in ensuring macroeconomic effects.

Second, the state must control powerful material means that are in a position to affect the overall situation of the national economy.

We cannot do a good job of implementing the state's correct policies if we merely rely on the power of state authority or administration; in addition, we must have a guarantee of powerful material power. Marx said: "The national centralization of the means of production will become the national foundation for a society that is composed of united, free and equal producers. These producers will follow a common and rational plan and consciously carry out social labor. This is a human goal of the great economic movement of the 19th century." (Marx: "On Land Nationalization," "Collected Works of Marx and Engels," Vol 18, p 67) It can be seen that the "national centralization of the means of production" is the economic foundation of socialist society as well as a premise for the producers to "follow a common and rational plan and consciously carry out social labor." Therefore the socialist system of ownership by the whole people cannot be allowed to weaken or waver. If we change the system of ownership by the whole people into the system of departmental ownership, local ownership or enterprise ownership, the socialist economic foundation will be weakened and consequently we will hinder socialist producers in "consciously carrying out social labor by following common and rational planning."

We must also understand that the question of who will possess and control the funds accumulated by society, particularly the surplus products of the enterprises under the system of ownership by the whole people, basically will determine whether the means of production can be "nationally centralized." According to our view, most of the funds accumulated by society and the majority of the surplus products of the enterprises under the system of ownership by the whole people must belong to, and be under the control of, the state. If the state neither possesses nor controls most of the accumulated funds and surplus products while enterprises are permitted to control their own funds and products, it will not be possible to "nationally centralize" the means of production. Therefore, it is necessary to expand the autonomy of enterprises, including the expansion of enterprises' financial rights, in the process of reforming the economic management system. But there must be proper proportion with regard to the amount of surplus products that should be handed over to the state and the amount that should be owned by the enterprises themselves. There must also be a principle for the enterprises to make use of the surplus products that they retain. All this must be included in the planned economy. It is only when the majority of the surplus products produced by the enterprises are centralized in the hands of the state, that the state will be basically able to have new investments for expanding reproduction. Consequently, the state will be in a position to rationally select the scale, structure and orientation for investment, rationally readjust the production structure in due time and concentrate its strength in solving the urgent tasks in the national economic development and eventually guarantee better macroeconomic effects.



Third, the state must be good at resorting to various economic levers, leading the economic activities of various departments, regions and enterprises and include all this into the planned development of the national economy.

In the present socialist stage, there still exist commodity and monetary relationships among the various aspects of social reproduction and various other links, and the socialist planned economy is carried out under these economic conditions. Therefore in addition to using powerful material power and administrative methods (such as giving instructions) to directly interfere with the process of economic development, the state must also widely resort to economic levers and guide the economic activities of various enterprises, departments and regions through readjusting the relationships of material interest so that these activities will accord with the state's macroscopic policy and achieve its macroeconomic effects.

As important reason for our mistakes in the past planning work was that we did not correctly understand that the socialist planned economy is operating under the condition of the wide existence of commodity and monetary relationships. As a result, we solely relied on planned readjustment, stressed the importance of the planned goals on the basis of orders from above and tightly tied up the hands of the production units at grassroots level. In addition, our guiding ideology was characterized by impatience for achievements that resulted in leftist adventurism and disproportion. We had to pay a high price to correct this disproportion and consequently we seriously affected economic effects. Therefore it can be said that in the past, our economic effects were not ideal and this situation was directly related to the excessive centralization of the economic management system and policy management system; it was not an inevitable result of the planned economic management system.

In future, we still have to pay particular attention to the feature of the planned economy during the socialist stage. At the present stage, we can in no way use a planned economy that requires the conditions of a communist commodity economy. In particular, as our country is still backward economically and culturally, the commodity economy is not advanced and the degree of socialization of production is still comparatively low, our policy cannot include everything. It is true that such important aspects as production, distribution, exchange and consumption are carried out under planned guidance and the major economic activities that are related with the national economy and the people's livelihood must be arranged and regulated according to planning, but state planning and the many aspects of the activities of the national economy are carried out through the market and therefore it is necessary to display the auxiliary role of the market. Therefore, direct and indirect planning, mandatory planning and guiding planning, and administrative and economic methods must exist simultaneously. By making use of various economic levers, particularly price, tax, interest, wages and rewards, we will be able to closely combine social interest with the interest of enterprises (and departments and regions) and make the economic activities of the enterprise (and departments and regions) accord with the requirements of state planning and seeking macroeconomic effects.

Fourth, do a good job in realizing comprehensive balance.

The socialist planned economy demands that the major activities of the national economy must be directly or indirectly included in state planning; such activities must be rationally unified by the state through unified arrangements according to the needs of social production and society so as to realize a comprehensive balance. This measure represents an important link for guaranteeing macroeconomic effects. Therefore it is necessary to strengthen unified planning and properly arrange the important proportions of the national economy. The relations of the proportion of the national economy mainly refer to the proportion of the relations between the two major categories. The concrete form of these relations is the relations among agriculture, light industry and heavy industry, and the proportion of the relations between the corresponding accumulation and consumption. The proportionate relations between accumulation and consumption are in fact the relations between national construction and the people's livelihood and therefore these proportionate relations must be arranged according to the possibility for the growth of national revenue. It is also necessary to do a good job in realizing the balance and comprehensive balance among price, credit, foreign exchange, goods and materials, the market and labor force because these balances represent the balance of the national economy.

### III

To analyze things from the macroeconomic angle, the planned economy is a basic guarantee for each socialist enterprise in seeking economic effects. For quite a long period in the past, we resorted to the planned management system that was mainly characterized by soil emphasis on regulation by planning mechanism and mandatory planning and this system affected the initiative and creativity of the enterprises and their staff and hindered the enterprises from achieving better economic effects. Therefore some comrades held that although the planned economy will help guarantee macroeconomic effects, it cannot guarantee microeconomic effects. In our view, this understanding is wrong.

First, we cannot set up macroeconomic effects and microeconomic effects in opposition to one another.

Seeking microeconomic effects is the foundation for improving macroeconomic effects while improving macroeconomic effects is the premise for improving microeconomic effects. We all know that a smooth operation in the production and business activities (such as the supply of raw materials, fuel and equipment that are needed in production, timely sales of products and rapid and flexible fund circulation) of enterprises, such as a production enterprise, will have a direct effect on the economic results of this enterprise. Marx said: "It is only in the places where production is under the anticipated control of society that the society can establish a relation between the amount of social labor time for producing certain products and the scale of the social needs that are met by these products." ("Das Kapital," Vol 3, p 209) That is to say, we will be able to provide preconditions for enterprises to carry out economic activities in a big way and seek economic effects only when we are able to carry out a planned economy and guarantee macroeconomic effects.

Second, a planned economy provides enterprises with correct information to enable them to have a correct orientation in improving their economic effects.

For quite a long period there has existed a viewpoint which holds that under the condition of a capitalist market economy, capitalist enterprises are in a position to get economic information in good time and make economic forecasts and that under the condition of a socialist planned economy, it is very difficult for the socialist enterprises to get precise economic information in good time and to make economic forecasts. This view fails to grasp the nature of the question. We must understand that under the socialist system, there exists contradictions in the economic interests of men, enterprises, departments and regions while the social center is in a position to rationally regulate the contradictions in the economic interests between laborers and between the collectives of the laborers. Therefore, socialist society is not like capitalist society where obstacles to obtaining precise information such as commercial secrets, technical blockades and deceiving each other generally exist. In addition, under the condition of planned economy, the social center is in a position not only to gather and combine, in a timely way, the information about market changes from various enterprises, departments and localities but also to make full use of the information that is of greater scope and more accurate. This means that the social center is in a position to make full use of the economic situations and economic prediction that are provided by planning, statistics, financial, monetary and commercial departments. Comrade Chen Yun pointed out a long time ago that financial, monetary and commercial departments are well-informed and they are responsive to information. We can see the whole situation from these departments. It is completely possible for a socialist country to display the advantages of the planned economy and provide enterprises with economic information in due time so that the enterprises will be less blind in carrying out economic activities and to point out the direction for the enterprises in improving their economic effects.

#### IV

In the above mentioned passages we have explained the role played by the socialist planned economy in guaranteeing macroscopic and microscopic economic effects. But in order to constantly improve economic effects we must be determined to overcome shortcomings in planning work, and to transform the planning management system and the methods of planning work.

First, step up the scientific nature of planning.

The scientific nature of planning means that this planning is in line with the needs of economic law and natural law. It is only by implementing such planning that we will be able to make the national economy develop harmoniously and rapidly and make rational use of manpower, material power, financial power and natural resources so as to guarantee that economic effects will be improved.

In the early days following the establishment of Soviet political power, Lenin stressed the importance of planning when he said that a planning "must be easy to understand so as to attract the masses with clear and definite (with full scientific foundation) prospects." ("Collected Works of Lenin," "To G. M. Krzhizhanovskiy (23 January 1920)," Vol 35, p 434) and that it was necessary to "enrich, develop and amend this planning according to the actual experiences that have been studied meticulously and carry it out." ("Collected Works of Lenin," "On Unified Economic Planning," Vol 32, p 134). Historical experiences of our country have also proved that when our planning is more scientific we are able to achieve better economic effects, such as in the period of the First Five-Year Plan and the readjustment period of 1963-1965; and when our planning is not scientific, we achieve lower economic effects such as that during the "Big Leap Forward" and the "10 Turbulent Years."

How can we strengthen the scientific nature of our planning? Here we stress the following two points:

First, educating and training the planning work cadres is the primary work for strengthening the scientific nature of planning. The scientific level of planning is inseparable from the professional level and scientific attitude of those who are taking part in working out the plan. Therefore, it is a strategic measure to train a great number of the planning work staff who are able to consciously carry out their work according to objective law and who are professional. We may presume that when we have trained all the cadres who are responsible for planning work within 3 to 5 years, some of them will no doubt consequently reach the level of university graduates. Therefore, it is very important to set up planning colleges, expand the enrollment of the students with a speciality of planning, set up long-term and short-term training courses and make use of various other forms to improve the professional standard of planning staff.

Second, strengthen the basic work at the grassroots units level such as in original records, statistical materials and planning quota work. This work represents basic construction in strengthening the scientific nature of planning. In working out scientific planning it is necessary to have systematic, complete and accurate statistics. Stalin said: "It is unimaginable for any construction work, any state work or any planning work to not have correct calculation, nor is it imaginable not to have statistics and calculation." ("Collected Works of Stalin," "The 13th Congress of the Soviet Communist Party (Bolshevik)," Vol 6, p 189) It is true that statistical materials for working out planning comes from grassroots units, but the basis for calculation and statistics of our grassroots units is rather weak and the accuracy of their statistical materials is low. Consequently, this situation has considerably affected the scientific foundation that is needed in defining the goal of planning. Therefore, it is an urgent task at present to set up and perfect the system in this aspect, particularly in defining planning quotas for various trades with full foundations.

Second, in transforming the management system of planning it is necessary to merge well the centralization and unification of planning with bringing the initiative of localities and enterprises into play.

If we only have scientific planning, do not clearly demarcate the autonomy of organizations and do not bring into play the roles of administrative means and economic levers, we can in no way realize the planning well and consequently there will be no guarantee of economic effects. At the same time, we must also understand that no matter how scientific our planning is, it is still very hard for it to correctly estimate and fully tap all the initiatives of various regions and enterprises and particularly the initiative of the broad masses of laborers. In the past, our planning was excessively centralized and with rigid control, such planning hindered the initiative of localities, enterprises and the laboring people. It was only natural that such planning could not achieve good economic effects. The management system of such planning must be transformed. But over the past few years, when measures were being taken to overcome excessive centralization and experiments on expanding the autonomy of localities and enterprises were carried out, there have occurred both a tendency of departing from the leadership of centralized and unified planning and a tendency of separatism. On the agricultural front, many places are not willing to fulfill the tasks of state purchase, purchase by assignment and transfer of agricultural products to higher departments; but on the other hand, these places have been active in expanding the amount of increased price over-quota goods and purchases at negotiated prices; these places are reluctant to fulfill the planned acreage for grain production and they have blindly expanded the acreage for certain industrial crops, only to increase the financial burden on the state and fail to meet well the needs of the people. In industry, some units are not willing to accept the production, allocation and transfer plans that have been defined by the state. On the other hand, these units have blindly increased the production of the goods that are in excessive supply but with higher profit. They squeeze the small with the big, the backward with the advanced and as a result, with high consumption and high costs they cannot but stockpile their products. This seriously affects economic results. In the capital construction field, many places and enterprises have raised funds and bank loans on their own accord as they have blindly carried out projects in an effort to build their own self-styled system. As a result, they undertook repeated construction with enormous investments but they have achieved very little results. Such separatism that has caused decreases in economic effects must be resolutely corrected.

How to strengthen the centralization and unification of planning and at the same time not limit the initiative of localities and enterprises and how to properly hand over autonomy to localities and enterprises while avoiding separatism are important subjects that must be resolved in improving economic effects. According to our view, a key question in this aspect is that the central localities and enterprises must have clearly demarcated autonomy over the management of planning and they must closely link with each other.

The planning of the party Central Committee, provinces, municipalities and autonomous regions and the 3-stage planning of prefectures, municipalities and counties are part of state planning. The contents of planning that relate to the whole situation, the national economy and people's livelihood and that represent the strategy of state economic and social development must also be included in central planning. But unified planning can only be realized through planning and balances of various levels. The various departments under the State Council are responsible for the planning of the management of various trades and the comprehensive balances of these trades while provinces, municipalities and autonomous regions are responsible for regional comprehensive balance. Prefectures, municipalities and prefectures must work out their own planning and be responsible for the comprehensive balances within the sphere of their management. The plannings at these three levels must be closely linked. When there is a contradiction in the arrangement between partial planning and overall planning, the former must be subordinate to the latter. At the same time, it is necessary for enterprises to have a certain autonomy in planning. For example, enterprises have to fulfill the mandatory plans from the state, but in working out planning, the enterprises have the right to make suggestions and to implement the planning according to their own conditions within the limit permitted by legal regulations and policies, even if the plans have already been passed down; with regard to state guiding planning, the enterprises have the right to concretely arrange their own planning according to their specific conditions and they have the right to arrange their own planning that has nothing to do with state planning. In this way, the central, localities and enterprises have their own rights and responsibilities and this situation will not only guarantee the centralization and unification of planning but will also mobilize the initiative of localities and enterprises. This is not only in the interests of developing the national economy harmoniously but also in the interests of displaying still better the initiative of localities and enterprises so as to guarantee that economic effects will be improved.

Third, establish a system of planning goals with economic effects as their core.

In considering all economic problems we must proceed from the point of improving economic effects. The setting up and perfecting of the system of planning goals must also be carried out by giving consideration to improving economic effects. For a long period in the past, our country gave prominence to the goal of gross output value. As gross output value only reflects the quantity of production and includes repeated calculations, it is affected by changes in the prices of the means of production and therefore it cannot correctly reflect the results of production. It often occurred that when we lopsidedly sought speed in the growth of production based on the calculation of gross output value, there appear many shortcomings in production. Now some countries have abolished the system of "quantity-type" planning goals with gross output value as their core and used "efficiency-type" planning goal system that has fixed-quota net output value as its core. The fixed-quota net output value includes the three aspects of wages, retention for social insurance and fixed quota profits. The system of "efficiency-type" planning

goals has many advantages including it being in the interests of saving live labor and improving labor productivity. It will also prevent enterprises from lopsidedly turning out products with big profits. A further study is needed before we will have decided whether we will use the system of planning goals that have fixed-quota net output value as their core.

In the construction of our socialist modernization program in future, there is no doubt that we will take economic effects as the core of a series of planning goals. Consequently, it is imperative to strengthen the planning and assessment of the goals of economic effects (such as the comprehensive goal of economic effects, the goal of the effects in the use of funds, the goal of the effects in the use of labor and the goal of the effects in the use of goods and materials); the goals of some major economic effects must be passed down from higher departments to lower departments in the forms of mandatory planning goals or guiding planning goal. For example, in the production field, our energy supply is still tight and this situation has limited the development of the national economy; yet, on the other hand, the consumption of energy in our production of the same quantity of products is not only much higher than that in some industrially advanced countries but also much higher than the previous record levels in the history of our country. Therefore, it is necessary to assign to lower departments the goal of energy consumption as a planning goal. In the capital construction field, for quite a long period in the past we only paid attention to the completion of capital construction investment targets and neglected the goal of the economic effects of the investments. As a result, we were not able to powerfully control the extension in the cycle of construction, projects costs increased, the formation rate of fixed assets decreased and the proportion of the projects under construction also increased. Therefore, it is imperative to include the period of construction in the planning that is to be assigned to lower departments. In the field of circulation over the past few years, the stockpiling of commodities in warehouses was very serious and the circulation of working capital consequently dropped. On the average, commercial working capital across the country circulates twice every year, twice as long as the former ordinary pace. Therefore, it is also necessary to include the necessary volume of stockpiled goods and the circulation rate of working capital into the planning for lower departments.

Establishing a system of planning goals with economic effects as the core means that in defining the concrete quantity for the goal of the plan, it is necessary to base it on the best social economic effects. For example, in defining industrial and agricultural gross output values, it is imperative to consider the level that must and can be reached under the condition that labor productivity and the utility rate of capital are improved. In defining gross national revenues under a certain gross output value, it is also imperative to consider the level that must and can be reached under the condition that the consumption rate of goods and materials is decreased. The pace of the growth of the national economy that is based on a goal of economic effects is a real and beneficial pace. That proportion of the national economy, calculated on the basis of, economic effects, with minimum consumption and maximum results, is the most rational proportion. It is only when we implement this kind of planning that we are able to guarantee economic effects.

## NATIONAL POLICY AND ISSUES

### 'JINGJI GUANLI' ON TRANSFORMING LIGHT INDUSTRY

HK111423 Beijing JINGJI GUANLI in Chinese No 6, 15 Jun 82 pp 20-23

[Article by Xiao Weixiang [5135 4850 3276]: "On the Question of Technological Transformation in Light Industry"]

[Text] A key-point and gradual technological transformation is a strategic policy promoting the construction of modernization which aims to vitalize our economy. It has immediate and strategic significance in developing the production of consumer goods, improving the backwardness of the technological facilities in our light industry and in bettering our economic interests.

#### The Production Equipment in Light Industry Enterprises Desperately Needs Renovation and Transformation

Our light industry has formed a base after 32 years of development since the founding of the PRC. There are nearly 70,000 enterprises, with 11 million-odd workers, an original fixed capital of 34.4 billion yuan and a net value of 23.6 billion yuan. The production in light industry has grown out of nothing to an output of 1.5 million tons of special equipment of various types in the past 20-odd years. Some advanced technology and key equipment has also been imported. Moreover, technological renovation and technological transformation have been widely carried out. Some of the results of the scientific research have been promoted and utilized. They are significant to the strengthening of the productivity of light industry, the improvement in production technology of the enterprises, the improvement of the products' quality and the increase in variety. However, under the "leftist" influence the national economy was dislocated and the technological equipment of light industry was the most backward among various fields of industry. The backwardness was most acute in small trades and collectives. At present, the main problems are:

1. The facilities are outmoded, unsophisticated, energy-consuming and inefficient:

- (I) The equipment is obsolete and outmoded. Most of the equipment in light industry is only up to the overseas level of the 1940's and 1950's. Some is only up to the level of the 1930's. Only a small portion of it is up to the level of the 1960's and 1970's. About 50 percent of the mechanical



equipment of the Shanghai Light Industry Bureau system, which is regarded as one of the most technologically advanced organizations on the country, is at the level of the 1940's. Fifty-eight percent of the equipment of the Shanghai Handicraft Bureau system is at the level of the 1930's and 1940's. It is not difficult to imagine the situation in other provinces and cities. Of the paper-making machines, 99.8 percent are at the level of the 1930's, making up 94 percent of the total output. In the paper-making trade, small mills which are below 10,000 tons make up half of the total output. Most of them have developed from the state of making do with whatever was available. Their technology and equipment are obsolete and outmoded, their products monotonous, the quality of their products poor. Worse still, they cause serious pollution, create poor economic effects and impede the development of paper-making. The technology in the match trade is only up to the overseas level of the 1930's and 1940's. Outmoded equipment such as light stick driers and sickle-type box packers are still in use in many mills.

(II) The facilities are in bad repair. Defective machines are still in use, thus affecting their sophistication and hampering the quantity and quality of the products. The problem that many facilities are in bad repair and that defective machines are still in use is very serious as emphasis has been placed on "extension" rather than "intension" and as machines are overused. Renovation of equipment and transformation of skills are neglected. Among 10,000 machines of the Shanghai Handicraft Bureau system, 14,000 (13 percent) are defective but still in use. The sophistication of the 33,000 machines in the Shanghai Light Industry Bureau is on the decline. Seven percent of the machines are defective but still in use and 12.2 percent of the 17,000 metal-cutting machines need renovating. About 10 percent of the automatic processing lathes in the watch industry have lost their sophistication and need renovating. Apart from mechanical wear and tear, the equipment of some trades in light industry suffer from acid and salt-water corrosion. Major reactors, storage troughs and storage pipes of the detergent trade are installed outdoors. They are weather-beaten and some of them have become an adverse factor for production.

(III) Energy-consuming and inefficient. The production equipment of the electricity and light trade is outmoded and energy-consuming. Its products also consume quite a lot of energy. A major survey on the trade in 1980 showed that the total energy consumed during the year was: 115,000 tons of petroleum, 520,000 tons of coal and 150 million kilowatts of electricity--equivalent to 750,000 tons of standard coal. If expressed in terms of electricity, the annual energy consumption of various products is about 32 billion kilowatts, making up 10 percent of the state's total electric energy production. The energy consumed by the electric glass-melting pits made up 70-75 percent of the total consumption. At present, the glass-melting trade has 100 pits and furnaces, and 120 obsolete crucible pits. The pits and furnaces are shortlived and their thermal efficiency is only 15 percent. The average energy consumption of every 10,000 bulbs was

1.15 tons of petroleum, and the lowest was 0.58 tons, whereas that of Toshiba of Japan was 0.28 tons, and that of the SAS Company of Britain was 0.23 tons. Since the glass bulbs are outmoded, only 50-55 percent of the 12-head bulb-making machines can pass the inspection: while the overseas pass rate is over 90 percent. The utilization rate of glass cases for light bulbs is only about 15 percent whereas the rate overseas is 35-40 percent.

2. The machinery base of light industry is weak, the equipment structure is backward and most trades do not have their own purpose-built equipment. Among the 2,000-odd different types of equipment produced by our light industry, most of it is only at the level of the 1950's. A small part of it is obsolete, and quite a large portion requires improvement and renovation. The equipment in our sugar refining industry is inefficient and its materials and quality are poor. Mandatorily reusable crystal tins are popular overseas. Their efficiency is 20-30 percent higher than that of ours. Speedy precipitating machines are used in many overseas sugar refineries. The time for syrup to settle is 15-30 minutes, whereas ours need an hour or even more. The pressing machines of our sugarcane refineries are of poor quality and their service life is only half as long as that of those overseas. The service life of the round files of our sugarbeet refineries is one-fourth as long as that of the round files overseas. The efficiency of our newly designed and operated cigarette-rolling machines is about 2000 a minute, whereas the efficiency of overseas rolling-folding-packing machines is about 4000 a minute. Quite a few trades in the light machine-building industry still cannot provide whole sets of equipment. Specially-designed equipment in some trades such as the chemical industry for daily use, sensitizational materials, and gelatin, is nonexistent.

3. The factory buildings of many trades are wornout. There are many dangerous workshops. The pollution problem of the "three wastes" is so serious that it jeopardizes production. For years emphasis has been placed on tapping the potentials of the old trades and old bases while providing them with very little production conditions. As a result, they are in debt. The statistics given by 32 light industry departments and bureaus in 23 provinces and cities show that the total area of dangerous workshops is 5 million square meters. The pollution problem of the "three wastes" in some trades such as papermaking, leather, synthetic detergents, and fatty acids is very serious. The annual discharge of waste water in the papermaking industry is about 2 billion tons, exemplifying the seriousness of industrial pollution in our country.

Apart from this, the technological strength of the enterprises in light industry is weak. Their management and technology are substandard. Engineers and technicians only make up 0.78 percent of the total labor force of the enterprises in our light industry. On average, each enterprise only has 1.2 technicians, but their technological knowledge is out of date. In recent years, the old workers in many localities have retired. The

technological training given to newly recruited workers has failed to cope with the situation, thus lowering the workers' technological standard. The staff's technological standard and the cadres' management standard in quite a few trades are lower than those of other departments. They cannot meet the requirement of production development.

#### A Few Points on Technological Transformation in Light Industry

The following points on technological transformation and renovation of equipment are made in light of the practical experience and actual conditions of various localities.

1. The ultimate target of technological transformation should be the betterment of economic effects. Economic effects should be the main criterion for the achievement of technological transformation. Experience gained in many localities has shown that the existing enterprises in which technological transformation is carried out are better than new enterprises in that the former require less investment. They are more effective and achieve better economic effects. For instance, the establishment of 10,000 tons of productivity in a new enterprise in the papermaking trade requires an investment of 30 million yuan, whereas the establishment of such productivity in an old enterprise in which technological transformation is carried out only requires half that amount. The production of a bicycle in an old enterprise in which technological transformation is carried out only costs 20-30 yuan, while such a product in a new enterprise costs 70-100 yuan. We should not only take into account the short-term microeconomic effects but also the long-term nationwide economic effects while carrying out technological transformation in light industry. Priority should be given to the items which are less costly to transform, more effective and have greater effects. For instance, we should increase the production of goods of famous brands and of high quality, increase the production of complete sets of equipment which are in urgent need, develop items which can achieve economic returns within 1 year, strengthen the examination of products, improve the quality of products, save energy and raw materials, and so forth. Related economic policies should be further carried out in order to mobilize the enterprises' enthusiasm for conducting technological transformation. For instance, loans on favorable terms should be given to technological transformation items. Tax on new products should be lowered or exempted. Goods of high quality should be sold at a fair price. The prices of certain products should be readjusted appropriately.

2. It is necessary to lay down production plans in accordance with trades. Goods of higher quality should be produced first. The standard of technology and equipment varies as there are too many trades in light industry. We should sum up the experience in the technological transformation in recent years through investigation and study, and lay down program for technological transformation in accordance with trades, make them an important part of the organization of the Sixth Five-Year Plan and treat them as a key part of

the annual plan. The enterprises in light industry are located in various areas. Many large and medium cities are bases of light industry. The cities should cooperate with the localities by taking the lead to gain experience. The Ministry of Light Industry this year has made technological transformation one of its three key projects. Specific arrangements have been made to lay down technological transformation plans in accordance with trades. Guidance on planning has been given to various trades with reference to their technological and economic policy, and equipment policy. It has also summed up the experience of promoting technological transformation and renovation of equipment in various trades and localities to help the localities implement their planned technological transformation. Trades such as watchmaking, papermaking, sugar refining, leather work and beer brewing have been incorporated in the plans proposed by the departments concerned to lay down transformation programs for the entire trade. Transformation plans for other trades will come out soon to serve as a reference for the localities.

3. We should choose a technological structure which suits the development of light industry. New technology should be transplanted and introduced. The technological transformation in light industry should proceed from our actual situation. Appropriate technology should be adopted. The combination of advanced and appropriate technology and manual labor should be carried out. According to the experience gained by the localities, the sources of new technology are: 1) to promote the good effects of technological transformation in production. This is a thrifty but effective way. A multitude of small reforms can be carried out thriftily and in line with local conditions. They can be expanded from domestic trades to foreign ones. The effects will accumulate over a long period of time, so that a production line can be changed for the better, a workshop or even the outlook of production [words indistinct] enterprise. The bicycle trade in Shanghai has carried out over 41,000 technological innovations since 1956. In all, 95 percent of the equipment in the trade is self-made. As far as production methods are concerned, 80 percent of the work was manual. But now, 80 percent of the work is mechanized. Over 40 percent of the production work is automated or semi-automated. 2) to promote enthusiastically the scientific and technological effects in the light industry which are appraised and mature. After making use of 23 items of proven scientific and technological effect such as the discharge of waste water after electroplating and new production devices in the bicycle trade, the Shanghai Light Industry Bureau has saved \$470,000 of foreign exchange, 10.53 million yuan, 520,000 manhours and 2.92 million kilowatts of electricity. This year, the bureau has recommended 54 items of proven scientific and technological effect to various localities for implementation. 3) to better the transplanting of technology. To transplant new technology which is mature and widely used in various trades such as electronics, microwaves, hydraulics, cold extrusion, powder metallurgy, radiochemistry, and so forth, to light industry. To pass new technology which is effective in one trade on to another within light industry. For instance, fermentation, surface treatment, the strengthening of drying, electroplating or plastic materials, and so on. To set up various forms of technological cooperation and economic partnership. To transplant advanced and appropriate technology in places such as Shanghai to the hinterland. Furthermore, to

strengthen technological information services, to start inquiry activities and to set up observation groups among localities to investigate foreign technology, so as to work out proper methods of technological transformation. Software technology such as information on technology and blueprints should be introduced in line with technological transformation. Digesting and development work should be done well while foreign advanced technology is transplanted to our country.

4. It is necessary to resolve the problem of capital in technological transformation and renovation of equipment. The majority of light industry is small enterprises with limited fixed assets and a small depreciation rate. Trades such as match, soap, light bulbs, ceramics, pans, scissors, choppers, stationery, sportswear, and so on, are unprofitable and are in urgent need of technological transformation. However, they are unable to seek national or foreign loans. They need the state to provide them with special interest-free or low-interest loans. Or they can make up a unit in the form of a bureau or company to seek loans from banks. Major technological transformation items in some key enterprises require large amounts of money which the enterprises cannot afford. In such cases, such items should be incorporated into the national projects and national funds should be allocated to them.

Apart from the above-mentioned sources, the capital required for technological transformation in light industry should be collected through various channels in line with local conditions and by all means. Three percent of fixed capital ownership fee is collected from collective enterprises by the light industry departments both in Wuhan and Guangzhou for technological transformation funds. It is good to have a fund collected and operated by a company or municipal bureau and to use it to supplement the shortage of capital required for technological transformation or renovation of equipment in collective enterprises. Moreover, we should vigorously make use of foreign capital. Advanced technology which is suitable for and needed by our light industry should be introduced. Key facilities and instruments which we cannot manufacture ourselves should also be introduced. The light industry departments of Guangdong, Fujian, Shanghai, Jiangsu and Liaoning have adopted ways such as joint ventures between China and foreign countries, coproduction, compensation trade, processing and fitting for export. Good results have been scored in introducing certain foreign advanced technology and equipment to transform our medium and small enterprises.

5. Technological transformation should be combined with the readjustment and restructuring of enterprises, so as to greatly improve the standard of technology and management. Rational readjustment and restructuring can create conditions for the wide use of advanced technological equipment and the development of batch processing, and extend the development of technological reform. It can also avoid repetitive reform and is advantageous to the saving of capital for technological reform. The sewing machine trade in Shanghai, during its readjustment and restructuring, has widely adopted new technology. For instance, the manual floor models, and fuse production in the casting technology have developed into slight pneumatic vibration four-stud

models and boxless extrusion models which are more automatic. Manual paint-spraying and indigenous stove drying in the paint-spraying trade have developed into electrostatic spraying and consecutive infra-red or long-distance infra-red drying. The metal-cutting in the spare parts trade has developed into new forms of technology such as cold-extrusion, cold-rinsing, and cold-moulding which have speeded up production. Domestic and industrial sewing machines offer five series of machines and 50-odd designs. The production of such machines has jumped from 16,000-odd to 2.4 million. At present, the technology possessed by light industry enterprises is poor. The staff's technological and managerial knowledge is substandard. Positive and effective measures in the training of skilled workers and managing cadres, which are in line with local conditions, should be adopted while technological reform is under way, so as to improve their production skills and their managerial knowledge. Thus, the features of technology and business management can go hand in hand with technological reform and better effects can be achieved.

6. To strengthen joint ventures and cooperation and mobilize all strengths to serve technological reform of light industry. The work of technological reform is very important. Research institutes, design units and various production departments should be mobilized to serve technological reform. First of all, the forces of scientific study, design and production should be mobilized. For instance, the sugar refinery trade in Guangdong is quite developed. It has set up a sugarcane research institute. Guangdong Light Industry Design Institute, Guangdong Light Mechanical Mill and Jiangmen Mechanical Mill have cooperated to start a joint venture, using economic means in the sugar and alcohol trades to help the enterprises in these two trades carry out their technological reform. Shanghai Bicycle Research Institute organized equipment, production and design forces and within 3 months, provided Shanghai No 4 Bicycle Factory with 20-odd special designs for production of small-wheeled bicycles. The factory was thus enabled to have an annual output of 200,000 bicycles. At the same time, social technological forces should also be brought into active play to promote technological reform in light industry. Mechanical departments and defense industry departments should be urged to manufacture equipment, the demand for which is greater than supply and which the light industry system cannot produce. They should also provide equipment for light industry, in particular sophisticated equipment and key spare parts. The state may assign certain enterprises to manufacture mechanical goods for light industry, or assign a batch of cooperatives to manufacture industrial fittings. Localities having excessive mechanical forces may transform some of their departments into light industrial ones to provide goods for light industry and to serve technological reform.

CSO: 4006/597

## NATIONAL POLICY AND ISSUES

### BRIEFS

HUBEI PREFECTURE ECONOMIC CRIMES--The Jingzhou prefectural CCP committee held a forum on 13 July on dealing blows at serious economic crimes. The forum called on all party organizations of the prefecture to take active measures to overcome obstacles and carry the struggle against economic crimes through to the end. Since initial successes have been won, some units of Jingzhou Prefecture have slacked off in their efforts. Some leading comrades even covered up economic crimes and interceded for criminals. The Jingzhou Prefectural CCP Committee held that it would be difficult to wage struggle against economic crimes in a thorough manner if these obstacles were not removed. The prefectural CCP committee called for attaching importance to dealing severe blows at economic crimes. Recently, three leading comrades who thwarted the struggle against economic crimes were temporarily relieved of their posts for self-examination by the prefectural CCP committee. [Wuhan Hubei Provincial Service in Mandarin 1100 GMT 15 Jul 82 HK]

CSO: 4006/601

## ECONOMIC MANAGEMENT

### BRIEFS

GUIZHOU ENTERPRISE CONFERENCE--The Guizhou provincial conference on straightening out enterprises which had opened in Guiyang on 27 July concluded on 2 August. The conference put forth that in straightening out enterprises, it is necessary to eliminate the state of leaders' laxness and weakness, straighten out and build well the leadership groups of enterprises, build and put on a sound basis the leadership systems of enterprises and perfect the economic responsibility system. The conference emphatically pointed out that the straightening out and building of the leadership groups of enterprises is the key to the all-round straightening out of enterprises. The conference made arrangements for the straightening out of enterprises in the second half of this year. The conference demanded that the province lay stress on straightening out well the first group of 225 enterprises. [HK090801 Guiyang Guizhou Provincial Service in Mandarin 2315 GMT 2 Aug 82 HK]

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## FINANCE AND BANKING

### BRIEFS

GUANGDONG TAX REVENUE--Guangdong Province has fulfilled its annual tax revenue plan by 54.6 percent in the first half of 1982 with an amount of more than 1.8 billion yuan, an increase of 250 million yuan over the same period in 1981. Guangzhou, Zhuhai, Foshan, Shantou, Huiyang, Shaoguan, Zhanjiang and Hainan achieved more than 10 percent increase in their tax revenues. The province increased its tax revenue from light industry by 60 million yuan and from heavy industry by more than 24 million yuan, while provincial customs office also welcomed an increase of more than 51 million yuan in the first half of this year as compared with that of last year. [HK161050 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 14 Jul 82 HK]

JILIN FINANCIAL CONFERENCE--The Jilin provincial financial conference sponsored by the provincial financial department concluded today. The conference worked out measures to balance this year's revenues and expenditures. Zhang Shiying, secretary of the provincial CCP committee, delivered a speech. Thanks to a fairly good situation in industrial production, income in the first half of 1982 rose by 7.2 percent over the corresponding 1981 period, fulfilling 47.6 percent of the annual plan. Excluding agricultural taxes, the annual income plan was 51.5 percent complete. To ensure the fulfillment of the annual plan, the conference calls for 1) promoting production and the circulation of commodities by focusing on improving economic efficiency; 2) practicing strict economy, opposing waste, curtailing expenditures and cutting back on public expenditures by 10 percent; and 3) carrying out a deep-going financial investigation and tax audit among enterprises. [Changchun Jilin Provincial Service in Mandarin 1100 GMT 29 Jul 82 SK]

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## CONSTRUCTION

### 'TIANJIN RIBAO' ON CONSTRUCTION PLANS FOR TIANJIN

HK120835 Tianjin TIANJIN RIBAO in Chinese 26 Jul 82 p 3

[Article by Wang Zuokun [3769 0155 6924], deputy chief engineer of Tianjin Municipal Planning Bureau: "What Kind of City Should Tianjin Be Built Into?"-- slantlines denote boldface as published]

[Text] What kind of city should Tianjin be built into? Regional planning, city planning and the plan for the national economy and social development must answer this question.

Tianjin is one of China's three big municipalities directly under the central authorities, an old coastal industrial city, a collecting and distributing center in foreign trade and a hub of communication linking up northeast China, east China and the hinterland. In the past 100 years, Tianjin has gradually become an economic center of north China. According to the overall plan for our municipality, we plan to divide Tianjin into three economic zones. The first will be based on the existing industry in the city proper and in the suburbs. Efforts should be made to tap the potential, renovate and effect transformation in order to raise production capability; efforts should also be made to correspondingly develop various undertakings such as trade, finance, scientific research, culture and education, invigorate the market, train talented persons and, within an area of about 30 kilometers in diameter, build a group of key towns in our city with the city's central district as the core. The various administrative, economic, scientific research, cultural and education leading organs will be set up here and they will serve as the main body in guiding the economic construction of our city. The second will take the three coastal districts of Tanggu, Hangu and Dagang as the base. We should make full use of the natural resources such as salt, petroleum and natural gas and the import and export trade of Tianjin port, build a number of big key enterprises and develop various modern industries such as petrochemical industry, marine chemical industry, shipbuilding and processing for foreign trade. The coastal zone which consists of about 90 kilometers of coast line in front of our city and about 20 kilometers in depth will be built into a heavy industrial base and a foreign trade base for our city. A group of coastal towns with Tanggu as the core will be built and between the various towns there will be close economic and communications links. Fishery, fish-breeding, the salt industry, agriculture and animal husbandry will also be appropriately developed. Tanggu will be built into the second key town of our city. Third, the five counties in the outer suburbs,

particularly the three counties in the north, will be the rear base of our city. There are hills and rivers in these counties where agriculture is flourishing. Here we shall develop local industry, agriculture, animal husbandry as well as warehouses. We shall put the stress on developing textiles and other light industries and the food industry in order to solve the problems of food, clothing and consumption and to provide jobs to the surplus agricultural labor force. Situated between Beijing and Tianjin, Ji County has many scenic spots and historical sites. In the immediate future, tourism will be opened up and textiles and other light industries and the electronics industry will be developed to replace quarrying in order to gradually stop the destruction of the natural environment. In the distant future, a cultural and scientific town will be built with basic scientific research institutions and universities and colleges, thus forming a third key town which has a relatively strong appeal and a group of rear towns with the Ji County seat as the core.

A collection and distribution center for domestic and external trade in north China, northwest China and Nei Monggol, Tianjin has a good communications and transport service. The task of improving the loading and unloading capacity of Tianjin port should be fulfilled through various channels such as the improvement of water and land transport. The railway center of Tianjin, which consists of a T-shaped hub in the heart of the municipality formed by the Beijing-Shenyang Railway and the Tianjin-Pukuo Railway, will be transformed into an annular hub which circles around the suburbs in order to facilitate collection and distribution of goods. The Haihe River will also be made navigable again and a water transport network, with the Haihe River as the main trunk, will be formed. The highways will be turned into a highway network that extends in all directions. The Beijing-Tanggu express highway, the transit highways between Beijing and Nanjing, between Beijing and Shenyang and between Shanhaiguan and Guangzhou as well as regional and local highway networks will be opened. Zhangguizhuang airport will be expanded into a reserve international airport utilized in conjunction with the capital's airport. Aviation undertakings will also be gradually developed. At the same time, efforts will be made to develop tube transport and local tram and train services so as to link up the various town groups with the key city proper.

In order to adapt itself to the economic development, it is undoubtedly necessary for the key city proper to conduct a series of construction and transformation projects. However, the dimensions of the key towns are very big as they are and the farm land around the towns is in short supply. It is, therefore, impossible for the towns to expand and swell without limit. The population of the city should be gradually reduced and rationally distributed among the newly-built small towns where good service is offered and employment and settlement are easy to provide. Thus, the population can be rationally distributed and the dimensions of the key towns can be restricted. By the end of this century, the population of the city proper should have been maintained at the present level of about 3 million. In the 21st century, the population of the city proper should be further reduced to ensure improvement in the average material and cultural level of the

residents in the city proper and improvement in the environment. In order to solve housing problems and develop scientific research as well as cultural and education undertakings, it is also necessary to expand land for city use. The existing area of 160 square kilometers will be expanded into 250 square kilometers so as to strike a low-standard balance [di biao zhun de ping heng 0144 2871 0402 4104 1627 5899] with land for industrial production. After construction is completed, it will be inadvisable to continue expanding over the periphery of the city, and thus we can protect agricultural and ecological environment in the suburbs. The following are my explanations on the construction and transformation of the city proper:

/1. We shall not build new factories in the key city proper and neither shall we engage in large-scale expansion of the existing factories. In developing production, it is necessary to tap potential, renovate, effect technological transformation and develop high-grade, precision and advanced industrial products./ It is necessary to preserve and gradually transform the existing 10 industrial areas and 5 industrial sections in the city proper. There are more than 3,000 factories in the residential areas. These should be gradually transformed in order to prevent them from contaminating the environment and troubling the people. Some of the factories which seriously contaminate the environment and have no room for further development in the city should be moved out gradually and in a planned way. Following the transformation of the old districts, the industrial areas in the city center where the factories do not contaminate the environment or trouble the people and have to be preserved should be separated from the residential areas and divided into scores of industrial neighborhoods. They should be developed at selected spots to facilitate the residents obtaining employment. The industries run by the neighborhood committees should be oriented to service trades related to the livelihood of the people. School-run factories should also be turned into small workshops in the service of teaching and studying, such as electronic instruments and meters, industrial arts and biological specimen workshops, which are conducive to the pupil's intellectual development. We should by no means take profits as our objective or engage in those trades and professions which contaminate the environment, trouble the people and harm pupil's health.

/2. Warehouses and railways freight yards in the city should be gradually moved out of the city in order to reduce traffic jams and the land vacated should be used for residential housing, public buildings and greened public squares./ Railway marshalling yards within the city center should also be moved out in the distant future. With the exception of small turntables and special lines for warehouses in the industrial areas, transit railway cargo should no longer be allowed to pass through the city. The existing stations should be preserved as passenger stations. Capital construction materials yards and processing factories that are scattered throughout the city take up too much land. It is also necessary to gradually put them under unified management, divide them according to their different specialties and rationally distribute them. It is necessary to draw up a unified plan for these plots of land, build residential houses and plant trees on them in order to create a good living environment.

/3. After the 10 new residential areas near the 10 industrial areas have been completed, the staff and members will not have to travel far when they go to work or leave work, thus alleviating the pressure on traffic./ It is necessary to build several more new residential areas, such as Wangdingti, Chenglinzhuang, Xinli Xincun, Shuanglin and Liuyuan Xincun and to build major communication lines between the outlying new areas and the city center. In Zhongshanmen and Dingzigu, we should also build two auxiliary city service centers similar in scope to Quanyechang. They will form a service network along with the 15 service centers in various areas and with centers at the district and subdistrict levels in the new residential areas. In order to change the appearance of the city, old service facilities in Quanyechang, Heping Road and Xiabailou will also be gradually transformed into modern and busy areas for pedestrians with more trees being planted and more car parks built.

/4. The older part of the city will be transformed in three ways./ Basically no change will be made in places near the five main avenues and the palace where, as everybody knows, the buildings are relatively good and were built after liberation in these places, we will chiefly improve the environment, increase and improve service facilities, repair and improve existing buildings and pull down makeshift houses which were illegally built and move out factories which have illegally occupied residential houses. Places in older parts of the city where the buildings are relatively good and the environment is relatively clear and tidy will be transformed more slowly. They are places which, after making repairs and improving the environment, can still meet the requirements for people to live in for this century. These places account for a large area of the city. Some very poor buildings in these places will also be transformed but their number will be limited because the state is short of financial resources. They will be gradually transformed on the basis of production development. The emphasis of transformation will be put on places such as Xitou, Nanshi, places beyond the tunnel, Qiandezhuang and Wandeli, where bumps and hollows are numerous, houses are dilapidated or built closely together, the residential environment is very poor and puddles in which mosquitos and flies breed are formed in rainy seasons. These places will be gradually transformed in groups and step by step within this century. If the economic development of our country is fast, we may possibly transform all these places in the first few years of the 1990's. We must suit measures to local conditions in building new buildings. We will mainly build multistoreyed buildings. For the sake of keeping harmony with existing neighboring buildings, we will also build low buildings with two or three storeys in small areas of the transformed zones. In places with open spaces and in places involving the appearance of the city, a few multi-storeyed high buildings will also be built in order to economize on urban land.

/5. Public buildings are signs representing the city's cultural and welfare levels and are also outstanding features of a socialist city./ At present, the level of public buildings in our city is very low. There are very few hospitals, schools, cinemas, theaters, libraries, cultural centers, sports grounds, stadiums and playgrounds. There are still not enough commercial

buildings, administrative buildings, economic institutions and hotels. There are still many missing items. All this is not in keeping with a city acting as an economic center. In the future, there must be a big development of public buildings. We must reserve enough land for the gradual construction of the city. It is planned to extend the cultural and educational districts. In addition to the Tianjin University and Nankai University districts, a new district for higher education will be developed in the northwestern part of the city. The southern part of the city is reserved for secondary technical schools. The construction of cultural and educational districts will be integrated with the construction of scientific research centers and bases of design departments. We will gradually raise the cultural, scientific and technological levels of the people in Tianjin. We should also expand the commercial, financial and trading areas and readjust and rebuild Jiefang road and Heping road in order to revive financial and commercial streets and roads. Shengli road will be used for large buildings needed by domestic and foreign trade and public buildings for post and telecommunications, information, finance and other services. This will be the key part of the city that can reflect the face of the city. Places along the main traffic line between Tianjin and Tanggu will be kept for buildings for exhibitions and fairs. Places around Friendship road will be kept for an international conference center and for sightseeing. Places south of Water Park will be reserved for a large athletics center. Each district will have a gymnasium and a swimming pool and military physical culture, aeronautic and navigation clubs will be built in the suburbs. General hospitals, hospitals for specific diseases, cinemas, theaters, libraries and cultural centers will be evenly distributed throughout the city. We must preserve cultural and historical sites and buildings. We must fully utilize the natural features of the Haihe River, which passes through the city, strive to plant trees and grass along its banks and build parks there. The number of buildings in the neighborhood must be reduced. Museums, science palaces and children's palaces will be built along the river and the valuable historical buildings there will be restored and the railway square will be rebuilt. New hotels, service buildings and posts and communications buildings will also be built. The central square will be expanded. More recreation grounds will be developed. In this way, the banks of the Haihe River will become beautiful scenic spots symbolizing Tianjin. There will be many public buildings and parks in which the people of the whole city may study and rest.

/6. We will fully utilize the rivers in Tianjin's urban district and build a wide forest belt along the rivers in order to extend the natural environment from the suburbs to the city./ Twenty large and medium-sized parks will be built in the urban district. Small parks and lawns will be distributed all over the city. Greening work in residential areas and industrial districts will be linked together, integrating work in key points with that of the entire area. The percentage of plant-covered area will be expanded from 8 percent at present to 20 percent. The average public greened area per capita will be increased from 1.2 square meters at present to 3.4 square meters. This standard is still a far cry from the state's requirement of 10 square meters of public greened land per capita and over 30 percent of plant-covered

land. This will still not be able to maintain the ecological balance in the city. However, in view of the shortage of land in our city and the enormous number of buildings, it will not be easy to reach the above standard and it will be difficult to further extend the greened area. Therefore, we must control the scale of land use in the urban district, give protection to suburban agriculture, and cultivate around the planned central urban district a greened belt, 2-3 kilometers wide. We must plant more trees in forest networks and ensure that land for vegetables and fruit trees will not be used for other purposes. Within the greened belt, we will make use of pools, low-lying land and river beaches to build four big suburban parks in Nanwa, Houjiatai, Qujiadian and Nandian for workers and staff members and children to recuperate and rest. This is to compensate for the shortage of greened land in the urban district.

/7. City traffic and the structure of basic projects are signs marking the level of the city's modernization./ We must develop a complete system of main roads. It is planned to build 2 ring roads and 15 other roads radiating out of the city. The main roads will be 30-50 meters wide and the secondary ones will be 20-30 meters wide. This standard is rather low. If the number of motor-driven vehicles exceeds 150,000, traffic jams will still occur. Therefore, we still have to develop an underground railway and high-speed traffic systems. In the future, the main communication vehicles in our city will be public ones, supplemented by bicycles and taxis. The number of bicycles will be gradually reduced. The city's water supply and drainage systems will also be gradually improved. The three existing water plants will be expanded and two large ones will be added. Water treatment plants will be built at the outlets of the six drainage systems of the urban district to purify dirty water to be used for irrigating suburban farmland. Electricity will be supplied from the electricity network to the city with 220 kilovolt high tension wires. The transmission and transforming systems will be improved and underground cables will be used instead of wires on pylons. Posts and communications will also have to be developed and popularized with great efforts in order to raise the efficiency of posts and communications. A coal gas plant will be built and liquid petroleum gas and natural gas will also be used. Gasification will be popularized and the rate will be increased. Centralized heating will gradually be realized. Each district will build its own thermopower station to be supplemented with local boilers. Geothermal heat will be exploited and the structure of energy sources will be changed. The use of coal for heating will be replaced by the use of electricity and gas in order to reduce pollution in the city and to save energy.

Water supply is an important question that involves the continuous existence and development of our city. We will mainly strive to divert water from sources in other places, store up water in the city, develop new water sources and reduce the consumption of water. We will build our city into a water-saving one.

A plan for constructing and transforming Tianjin is being drawn up by the government under the leadership of the municipal CCP Committee. According to the target put forth by the Central Committee, by the end of this century,

the level of development of our national economy will only reach that of a "comparatively well-off family." We cannot expect that our city will soon catch up with highly-developed modern cities in the world. As long as the people of the whole city will arduously strive to construct our city, the target put forth by us is not difficult to reach. We will only proceed from our country's national conditions and strive to build it better in accordance with its own features. We will build our city into a medium-grade city which is conducive to production, convenient to live in, which pays attention to efficiency and which is clean and civilized.

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## CONSTRUCTION

### BRIEFS

**HUNAN HOUSING PROBLEMS**--The Hunan Provincial CCP Committee and the people's government recently issued a circular on banning state cadres from building private houses illegally. The circular pointed out: a small number of leading cadres used their authority to seize the interests of the state, the collectives and the masses. They built private houses in the vicinity of towns and cities. This has a very bad influence. Since the transmission of the Central Planning Commission's circular and the provincial CCP Committee and the people's government's opinion on building houses for cadres and staff members, corresponding measures have been implemented to curb state cadres from indiscriminately building private houses. In order to curb the unhealthy trend, the circular clearly stipulated that all illegally built houses will be confiscated. The circular also pointed out that cadres who seize public land for private use will be punished according to party and government discipline. [Changsha Hunan Provincial Service in Mandarin 1100 GMT 1 Aug 82 HK]

**JILIN STAFF HOUSING**--During the period between June 1981 to July 1982, 545 enterprises and establishments in Changchun Municipality, Jilin Province, have helped staff and workers build houses with a floor space of 101,000 square meters, solving the housing problems of 3,367 staff households. Each household occupied 30 square meters of housing on average. [SK031129 Changchun Jilin Provincial Service in Mandarin 2200 GMT 1 Aug 82 SK]

**LIAONING URBAN HOUSING ACHIEVEMENTS**--Over the past 3 years, Liaoning Province has made steady progress in urban housing projects. New urban houses in the province occupying over 18.35 million square meters of floor space are available. This is a 1.6-fold increase over that of the 10-year period from 1966-1976. More than 300,000 staff personnel, workers and resident households have moved into new houses. The province has appropriated over 3.12 billion yuan for urban housing construction. This is equal to the total for the 28-year period from 1950 to 1978. [SK111027 Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 10 Aug 82 SK]

**ZHEJIANG BUILDING TECHNIQUE**--Departments concerned in Zhejiang Province recently decided to follow a proposal put forward by (Guang Hanchao), advisor of the provincial capital construction commission, on popularizing a new technique for building houses with hollow concrete bricks. The proposal aims to speed up residential housing construction in Zhejiang Province.

Comrade (Guang Hanchao) and other responsible comrades of the provincial capital construction commission jointly proposed to organize construction teams to assist research and production units to build a production line for the manufacture of hollow bricks. The production line is capable of producing hollow bricks equivalent to 28 million solid clay bricks annually, enough to build 150,000 square meters of housing. Comrades Tie Ying and Li Fengping recently approved and transmitted the proposal. The provincial planning commission and the provincial construction commission have decided to vigorously popularize this new technique. [Excerpts] [OW100229 Hangzhou Zhejiang Provincial Service in Mandarin 1030 GMT 8 Aug 82]

SHANDONG HIGHWAY BRIDGE--Jinan, 28 Jul (XINHUA)--One of Asia's largest prestressed concrete suspension bridges was recently opened to traffic in suburban Jinan, Shandong Province. Stretching over the Huanghe River, the bridge's 15,000-dun main roadway was suspended by 272 cables securely anchored at two 70-meter high towers on each end of the roadway. With a suspended span of 220 meters, the bridge boasts a new record in China's bridge building. The bridge was designed by Wang Shoushan and Wan Shanshan, engineers of the Shandong Communications Planning and Designing Institute. [OW100607 Beijing XINHUA Domestic Service in Chinese 0015 GMT 28 Jul 82 OW]

HEILONGJIANG CAPITAL CONSTRUCTION--In the past 3 years, a total of 234 local projects under construction have been cancelled or suspended in Heilongjiang Province, saving 782 million yuan of investments. Of these projects, eight were big and medium-sized ones, saving 308.84 million yuan of investments. As a result, the scale of capital construction has been controlled and many new changes have emerged in the economic structure. At the same time, the province made arrangements for 191 major projects, of which 88 single-item projects have been completed and put into operation. Since 1980, 9.5 million square meters of residences have been built in urban and rural areas, providing houses for 200,000 households. In the first half of 1982, investments covered by the provincial budget in capital construction accounted for 38.1 percent of the annual plan, an increase of 19.1 percent over the corresponding 1981 period. [Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 21 Jul 82 SK]

FUJIAN CAPITAL CONSTRUCTION--Fujian has invested 320 million yuan in capital construction during the first half of 1982, marking an increase of 26 percent over that in the corresponding period in 1981. A total of 93 capital construction projects have been completed including a runway for the Fuzhou airfield and the Changting cotton mill. During the first half of 1982, houses and buildings with a total floor space of 500,000 square meters have been completed. [Fuzhou FUJIAN RIBAO in Chinese 16 Jul 82 p 1 OW]

HEILONGJIANG BUILDING MATERIALS OUTPUT--In the first half of 1982, the output value of building materials produced by state-run building material industrial enterprises increased 4.5 percent over the corresponding 1981 period. The output of cement reached 1,437,000 tons, an increase of 17.3 percent. The output of plate glass was 535,000 crates and that of red bricks 1 billion, an increase of 28.9 percent and 12.5 percent respectively over the corresponding 1981 period. [SK180445 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 16 Jul 82 SK]

## DOMESTIC TRADE

### BRIEFS

HUNAN SMALL TOWNS GROWTH--Since the third plenary session, the more than 180 counties, prefectures and towns, as well as the more than 3,000 rural fairs in the district and commune seats of the province have become the political, economic and cultural centers of the rural areas. The economy of the rural areas has been enlivened. Since Nanjiang town of Pingjiang County has abundant scented timber, therefore, a plant has been established to manufacture scented-wood cases. The annual output value amounts to 400,000 yuan. Other collective and individual trades, service trades and traditional handicrafts have been developing rapidly in small towns. Furthermore, with the development of small towns, the employment problem has been solved to a certain extent. [Changsha Hunan Provincial Service in Mandarin 2310 GMT 2 Aug 82 HK]

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## FOREIGN TRADE

### BRIEFS

HEILONGJIANG EXPORT TRADE FAIR--A 15-day export trade fair, held in Harbin, Heilongjiang, successfully concluded on 15 July. The volume of business reached \$61 billion, showing an increase of 1.4 times over the planned target. Over 700 traveling traders from 20 countries and districts, including Japan, Singapore, Thailand, Pakistan, Australia, Switzerland, Italy, England, France and the United States, participated in this fair. Most commodities sold at the export trade fair were made of native products such as ginseng, linen cloth, melon seeds and eucalyptus flour. The business volume of eucalyptus flour was over \$10 million. [SK180445 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 15 Jul 82 SK]

LIAONING PORT EXPORTS--Dalian, 24 Jul (XINHUA)--Exports via Dalian in Liaoning Province, the biggest port in northern China, exceeded 2 billion U.S. dollars in the first half of 1982, 13.89 percent more than during the same 1981 period, according to port authorities. Of this 2.18 billion figure, exports to Japan came just under 1.28 billion U.S. dollars, up 4.76 percent over the same 1981 period. Exports to the United States were valued at 235.8 million U.S. dollars, more than double the figure for the same 1981 period. Exports to Hong Kong and Macao were 208.6 million U.S. dollars, up 5.1 percent. [OW250937 Beijing XINHUA in English 0727 GMT 24 Jul 82 OW]

SHAANXI TRADING COMPANY--Since its establishment in Xian last October, the Huaqin International Economic Cooperation Company has had contacts with 150 companies in Japan, the United States, Belgium and Iraq, and also with Hong Kong and Macao. Talks have been held on more than 100 items involving the textile, light, pharmaceuticals, electronics, machinery and metallurgical industries and their indigenous products. The company has signed 48 contracts for using foreign investment and 6 for providing labor services. In addition, 43 contracts have been signed for assembling and processing imported parts and raw materials for foreign customers. [HK220813 Xian Shaanxi Provincial Service in Mandarin 0500 GMT 21 Jul 82 HK]

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GENERAL

SHANXI VIEWS COOPERATION WITH COASTAL AREAS

HK091149 Taiyuan SHANXI RIBAO in Chinese 28 Jul 82 pp 1, 3

[Reporter's roundup: "New Developments in Technical Cooperation Between Shanxi and Coastal Areas"--passages within slantlines denote boldface]

[Text] There have been new developments in technical cooperation between Shanxi and coastal areas. From the beginning of last year to 20 July this year, the province has signed 156 contracts for technical and energy cooperation with Shanghai, Zhejiang, Jiangsu and Shandong. This is a gratifying step forward in integrating technology with the economy. It will play a positive and significant role in speeding up the province's development of industrial production.

Early in the 1960's, the province launched economic cooperation with some 10 provinces and municipalities, including Jiangsu and Zhejiang Provinces. However, they were mainly cooperation in the means of production. There was also a small amount of cooperation in the supply of the means of subsistence, and this cooperation was restricted to exchanges of commodities on a barter basis. During exchanges, both parties usually "disputed over trifles," "forced up commodity prices" and "imposed barriers." Thus there are fewer and fewer channels to promote mutual benefits. Since the state council issued a circular in 1981, calling for the interior areas to learn from the advanced experiences of coastal areas, the first secretary of the Shanxi Provincial CCP Committee Huo Shilian and the provincial CCP committee secretary Wang Kewen have led a delegation to Beijing and Tianjin to carry out economic and technological investigations. At the same time vice provincial governors Wang Maolin and Yan Wuhong led a delegation to the provinces and municipalities in the east China region to investigate and study their technology and economy. At the same time, Jiangsu, Zhejiang, Hubei, Shandong provinces and Tianjin Municipality also sent delegations led by vice provincial governors to discuss technological and energy cooperation with our province. As a result, there have been new developments in the province's cooperation work, and purely cooperation of material has changed to cooperation of productive technology and then to cooperation in finding channels to raise funds. The following are some specific forms of cooperation.

/Raising funds to promote compensation trade./ The coastal areas, which are industrially prosperous, will supply technology, equipment and capital to our province in order to help carry out industrial remodeling and to establish enterprises, while our province will, in return, give them coal for a fixed period of time. At present, various localities of the province have proposed 53 projects to raise funds and to carry out compensation trade with Zhejiang and Jiangsu provinces. A total of 500.3 million yuan of capital is involved in these proposals, which will be compensated by 47.686 million tons of coal. This year, Yanbei Prefecture has arrived at an agreement for technological and energy cooperations with Suzhou Prefecture of Jiangsu Province. Suzhou Prefecture will help Yanbei Prefecture build some cardigan, knitting, silk fabric, carpet, food and white cement plants, provide plant equipment and help train the technological forces. Moreover, Suzhou Prefecture has invested more than 10 million yuan of interest-free capital in Yanbei. Yanbei Prefecture will pay Suzhou Prefecture back with coal within 3 years.

/Promoting joint ventures and dividing the profits according to a fixed percentage./ The Qixian prefectural glass plant and Jinghua glass plant of Qingdao in Shandong Province have promoted economic and technological joint ventures. Of the post-tax profits, the Qixian glass plant will get 70 percent, while Qingdao will get 30 percent.

/Inviting other provinces to provide help in all fields./ This method has been used in many enterprises. According to incomplete statistics, from the beginning of 1981 up to June this year, Shanxi Province had invited some 600 engineers and technicians from Shanghai, Jiangsu, Zhejiang, Beijing, Tianjin, Shandong and other provinces to pass on their valuable experiences, help the enterprises promote production technology, improve skills and share their experiences in strengthening management of enterprises. In turn, our province has supplied a certain amount of coal to these provinces and municipalities. In February this year, the No 2 light industrial bureau of Linfen Prefecture invited the technical and administrative personnel of six trades including the garment, hat and leather shoe trades from the No 2 light industrial bureau of Nantong Municipality in Jiangsu Province to pass on their valuable experiences to 11 counterpart enterprises of the prefecture. This has strengthened the weak links in production, and significant results have been scored after a few months. The No 2 light industrial bureau of Linfen Prefecture has supplied some coal to Nantong Municipality.

/Sending people to learn production technology and enterprise administrative work from the advanced enterprises./ From the beginning of 1981 to June this year, our province has sent some 700 plant directors, engineers, technicians and workers to learn from counterpart enterprises in fraternal provinces and municipalities in a systematic manner and with emphasis on key points in accordance with the actual situation of the enterprises so as to solve the major problems in production. Some enterprises have sent their staff members and workers out several times until they have mastered the advanced technology.

/Moving plants and signing contracts to supply goods./ Wuxi and other municipalities have proposed giving our province the equipment, for producing carbon, ammonium and calcium carbide that has stopped operation due to a shortage of energy, for producing carbon, ammonium and calcium carbide, while our province should supply them with chemical fertilizers and raw materials. This is a good method for solving the problem of energy shortage and for reducing the rail freight volume of coal in the province.

/Establishing contact with institutions of higher education and launching technological cooperation./ Qixian tungsten filament plant has signed a long-term technological agreement with Beijing nonferrous metal research institute. According to the agreement, the tungsten filament plant will supply workshops, equipment, capital and other essentials while the research institute will help the Tungsten filament plant to improve the performance of products and to manufacture new products. The patent rights will be shared by both parties.

/Implementing commodity and economic cooperation./ The province will trade coal for light and textile industry raw materials such as timber, small steel products and chemical industry materials. In 1981, more than 60 commodities of different varieties, valued at 110 million yuan, have been traded through economic cooperation. This year, it has been planned to use 65 commodities of different varieties, valued at more than 130 million yuan, for economic cooperation. At the same time, coal will also be traded for industrial products which people need for daily use, such as sewing-machines, bicycles, grain, aquatic products and seeds.

By developing various forms of technical cooperation and cooperation in energy exploration, our province and coastal areas learned from each other's strong points and offset their own weaknesses, helped supply each other's needs based on the principle of mutual benefit, and have thus enlivened the economy and speeded up the economic development of both sides. Such cooperation has played an important role in accelerating the technical reform which is under way in the enterprises of our province, in improving the product quality, increasing designs and varieties, lowering production costs, increasing profit, enhancing the economic returns and so on. Sixteen small chemical fertilizer plants distributed in Jinzhong, Yangquan, Linfeng, Yixian, Luliang and other prefectures and municipalities have already entered into technical cooperation with their counterparts, who possess relatively advanced technical levels, in Jiangsu, Zhejiang and other provinces and thus changed their backward appearance, made up deficits and increased surpluses. The Yangquan city chemical fertilizer plant entered into technical cooperation with the Suqian County chemical fertilizer plant in Jiangsu Province. After a few months' joint efforts, the former managed to increase the monthly output of ammonium carbonate by nearly three times, and reduce the consumption of coal used to produce every ton of ammonium by 47 percent. Thus it made up the former deficit of 66,000 yuan per month, increased the profit to 240,000 yuan per month, and cast off the label of a long-standing loss-maker. When 20 enterprises of the textile trade throughout the province established a

cooperative relationship with their counterparts in various coastal provinces and municipalities, they managed to greatly improve the product quality and increase their designs and varieties. The five plants in Changzhi Municipality which cover color weaving, silk weaving, spinning and ribbon manufacturing, bleaching and dyeing, children's wear and so on entered into cooperation with their counterparts in Suzhou. Now, they have production capacity of more than 1.5 million meters of jacquard and thick silk quilt. Having learned embroidery techniques from Suzhou Municipality, they can now produce 50,000 to 80,000 pairs of embroidered pillowcases a year. The Changzhi sewing machine factory, the Taiyuan bicycle factory, the Taiyuan light bulb factory and other light industrial enterprises also raised their administrative and technical levels with the help of the technicians of the same trades in Shanghai and Tianjin. Now, the quality of bicycles, sewing machines, light bulbs and other light industrial products have further improved. In this way, they have scored instant results.

Recently, the responsible people of the provincial government reported to the responsible people of the State Council on the progress of the economic cooperation and technology between Shanxi Province and Jiangsu and Zhejiang provinces. The responsible people of the State Council remarked that Shanxi Province had created a good form of cooperating with other provinces in the actual work. Shanxi Province provided coal to other provinces in terms of "compensation trade." This can help to enliven the economy of several provinces. Shanxi Province should make use of this opportunity to help the work forward. We must pay attention to improving our work and summing up experiences. At present, what we need is to make the best use of the situation, give full play to the strong points and eliminate the shortcomings, and bring technical cooperation into line with the overall plan. Considered from the present circumstances, in order to promote technical and economic cooperation well, our province has to strengthen leadership and carry out centralized and unified administration, and take the improvement of the economic returns as the key link. We must make sure that every cooperative project will have a bright prospect; that the production will be increased, quality will be improved, and production costs will be lowered. We must maintain well the comprehensive balance in planning, bring the cooperation projects into line with the state plan; and in particular, we must guarantee the fulfillment of the coal transport plan. We must attach more importance to technical reform than capital construction; and the stress must be placed on the reform of the existing enterprises. As for cooperation in exploring energy resources, we must stick to the principle of equality and mutual benefit. However, because there are more problems with relatively important bearing on policies as far as the pooling of funds, the establishment of enterprises, the joint operation of enterprises, and the ability of enterprises to expand are concerned, we still have to carry out careful studies, and work out feasible plans and measures, so as to push ahead with the healthy development of cooperation in exploring energy resources.

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## GENERAL

### BRIEFS

HAINAN PREFECTURE ECONOMIC ACHIEVEMENTS--To date, Hainan Li-miao Autonomous Prefecture has 3,062 facilities for drawing and storing water with a storage capacity of 708 million cubic meters. These guarantee that 950,000 mu of fields can be irrigated. The autonomous prefecture has built 335 large and small hydroelectric stations, the installed capacity of which is 40,000 kilowatts. Since the second half of 1980, the autonomous prefecture has vigorously developed grain production, the production of tropical crops with rubber as the main crop, forestry, animal husbandry and fishery. The autonomous prefecture's total output of grain in 1981 was 800.67 million jin, which was 12.5 percent more than in 1980. The total industrial output value in the fourth quarter of 1981 was 8.48 percent more than in the same period of 1980. The total value of local industrial output of the autonomous prefecture in the first half of this year was 55.84 million yuan, which was 26.2 percent more than in the corresponding period of last year. Regarding communications and transport, over the last 2 years, the autonomous prefecture has extended Sanya port and added two 5,000-ton wharves. The autonomous prefecture is building 11 roads in mountainous areas, the total length of which is 182 kilometers. The autonomous prefecture has rebuilt 19 bridges and built 109 kilometers of asphalt roads. The length of the region's roads open to traffic is some 6,000 kilometers, some 700 kilometers more than in 1978. Over the last 2 years, 7,056 people in urban areas in the autonomous prefecture who were awaiting employment have been employed. In 1981, commune members' per capita income was 147 yuan, the total amount of rural commune members' savings was 28.97 million yuan and their average per capita savings were 23.55 yuan. [HK110827 Haikou Hainan Island Service in Mandarin 0330 GMT 8 Aug 82 HK]

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